

FISCAL IMPACT STATEMENT ON BILL NO. **S.201**

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TO:	The Honorable David Thomas, Chairman, Senate Banking and Insurance Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Kenneth Brown		
DATE:	February 1, 2005	SBD:	2005161

AUTHOR:	Senator Alexander	PRIMARY CODE CITE:	38-64-10
SUBJECT:	Viatical and Life Settlements Act		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund of the State (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

The Bill would enact the Viatical and Life Settlements Act to provide for the protection of contractual and property rights of a life insurance policy owner to seek a settlement, establishes consumer protections through the regulation of a settlement transaction, provide for licensure of a settlement provider, broker and others, provide for anti-fraud measures, and provides penalties for violations.

EXPLANATION OF IMPACT:

The Department of Insurance states that implementation of this Bill would require \$152,700 in General Funds of the State in the first year and \$70,700 annually thereafter, as the activities required by the Bill are a completely new function for the Department. Recurring costs of \$70,700 include salary and fringe benefits for 2.00 FTE positions, Program Coordinator II and Administrative Assistant and \$2,400 in operating expenses. Non-recurring costs include \$7,000 in operating expenses for office setup of two positions and \$75,000 for programming costs to set up a database for licensing and complaints.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

Although Section 38-64-30 allows the Director to assess applicable fees for application, licensure and renewals, the Bill makes no provision for the Department to retain and expend these fees to cover any costs incurred which could be used in lieu of General Funds.

Approved by:



Don Addy
Assistant Director, Office of State Budget